

Message Text

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ACTION NEA-06

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-10 L-02

NSAE-00 NSC-07 PA-01 RSC-01 PRS-01 SP-02 SS-14

USIA-04 OMB-01 AID-05 EB-03 DRC-01 /063 W

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R 090630Z OCT 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 4390

LIMITED OFFICIAL USE SECTION 1 OF 2 NEW DELHI 13484

FOLNG SENT NEW DELHI INFO CALCUTTA AND MADRAS FROM BOMBAY
DATED 08 OCTOBER.

QUOTE: BOMBAY 2410

E.O. 11652: N/A

TAGS: PFOR, IN

SUBJECT: AMBASSADOR KAUL'S VISIT BOMBAY

1. KAUL, INDIA'S AMBASSADOR TO US, ARRIVED IN BOMBAY OCT. 6TH
HAD THREE SPEAKING ENGAGEMENTS ON 7TH, AND LEFT FOR DELHI THIS
MORNING WHERE HE WILL REMAIN UNTIL AFTER SECRETARY'S VISIT. HE HAD
A BUSY DAY YESTERDAY. HE SPOKE AT HE IACC/LUNCHEON IN HIS HONOR
AN IAS TEA MEETING, AND THEREAFTER GAVE THE COMMEMORATION LECTURE
IN CONNECTION WITH THE BIRTH CENTENARY CELEBRATION OF FORMER
PROMINENT INDUSTRIALIST-PHILANTHROPIST ANANDILAL PODAR AT WHICH
MAHARASHTRA GOVERNOR JUNG PRESIDED. KAUL TALKED ON INDO-AMERICAN
RELATIONS AT IACC AND IAS FUNCTIONS AND ON "SOME ASPECTS OF
EDUCATION IN INDIA " AT PODAR FUNCTION. HE DIDNT TOUCH ON
INDO-AMERICAN RELATIONS IN LATTER WHICH TURNED OUT TO A WIDE-
RANGING TALK WITH LITTLE REVLEVANCE INDIAN EDUCATIONAL SYSTEM
AND MOSTLY GENERALITIES.

2. USIS TAPED IACC AND IAS TALKS AND WILL BE SENDING TRANSCRIPTS
TO DELHI LATER TODAY MARKED FOR HEMSING, AS CONSEQUENCE, WE
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SHALL NOT ATTEMPT DO MORE THAN HIGHLIGHT CERTAIN POINTS MADE IN

YALKS HEREAFTER. THOSE OF US WHO LISTENED TO THESE TWO TALKS HAVE RESERVATIONS HOWEVER ABOUT THEIR SUITABILITY FOR PUBLICATION IN SPAN. KAUL INCIDENTALLY CARRIES HIS OWN TAPE RECORDER WITH HIM AND RECORDS HIS OWN TALKS AND TELLS HIS AUDIENCES THAT HE WAS MISREPRESENTED IN THE PRESS RECENTLY AND HAS FOUND IT DESIRABLE TO TAPE HIS COMMENTS ADDING THAT HE DOESNT DO IT "CLANDESTINELY".

3. PRESS THIS MORNING GAVE GOOD COVERAGE KAUL'S TALKS STRESSING SECRETARY'S VISIT WOULD PAVE WAY FOR BETTER RELATIONS BETWEEN TWO COUNTIES, OPEN NEW ERA IN RELATIONS, ETC.

4. AT IACC LUNCHEON KAUL MADE FOLLOWING POINTS WHICH NOT IN ORDER OF DELIVERY AND BASED ON RECOLLECTIONS:

A) INDIA AND US ON VERGE OF A NEW ERA IN THEIR RELATIONS, THEY WERE ABOUT TO CREATE A FRAMEWORK FOR THESE RELATIONS AND SECRETARY'S VISIT, HE HOPED, WOULD HERALD THIS. EXPRESSED VIEW THAT PRIVATE GROUPS SUCH AS FICCI, IACC AND OTHER INDIAN TRADE BODIES AS WELL AMERICAN PRIVATE BODIES WOULD BE ABLE PLAY PART IN JOINT COMMISSION'S

SUB-COMMITTEE ON ECONOMICS AND TRADE.

B) CHIDED PRES IACC HARISH MAHINDRA FOR PESSIMISM AS REGARDS CLIMATE FOR FOREIGN INVESTMENT, DESCRIBED GOI'S POLICY AS ENLIGHTENED AND PRAGMATIC AND STRESSED THAT INDIA MUST BEAR ITS NATIONAL INTERESTS IN MIND. "THESE ARE FIRST AND FOREMOST". FOREIGN EXCHANGE ACT OF 1973 ONLY A CRYSTALLIZATION OF GOI'S ATTITUDE. CALLED ON CHAMBER TO SO PRESENT ACT AND NOT CONDEMN IT. ASKED THAT INDIA BE JUDGED BY ACTUAL IMPLEMENTATION OF ACT AND NOT FROM IDEOLOGICAL POINT OF VIEW. SOKE OF VAST POTENTIAL FOR FOREIGN INVESTMENT IN SELECTED AREAS.

C) "I BELIEVE THERE HAS BEEN SIGNIFICANT IMPROVEMENT IN INDO- AMERICAN RELATIONS." AMERICA HAS COME TO REALIZE THAT INDIA STANDS FOR CERTAIN VALUES WHICH DO NOT RUN COUNTER TO THEIRS. AMERICA, HE SAID IS COMING TO APPRECIATE THIS THIRD OR MORAL POWER WHICH GREATER THAN MILITARY OR ECONOMIC POWER AND WHICH STRONG IN INDIA. US REGARDS INDIA AS AN IMPORTANT COUNTRY AND WITH THIS NEW REALIZATION PLUS ITS EFFORTS ACHIEVE DETENTE, SEE NO REASON WHY RELATIONS SHOULD NOT IMPROVE.

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D) NEW US POLICY OF NOT SUPPLYING LETHAL ARMS TO PAKISTAN REMOVES MAJOR IRRITANT INDO-AMERICAN RELATIONS.

E) INDIA WILL NOT BE A "STOOGES" OF ANY COUNTRY.

5. AT IAS FUNCTION KAUL MADE FOLLOWING POINTS WHICH NOT IN ORDER OF DELIVERY AND BASED RECOLLECTIONS:

A) SECRETARY'S VISIT WOULD PAVE WAY FOR BETTER RELATIONS BETWEEN TWO COUNTRIES.

B) INDO-AMERICAN UNDERSTANDING STANDS STRONGER TODAY THAN EVER BEFORE. "I HAVE BEEN ASSURED TILT IS OVER". NORMALITY HOWEVER ONLY FIRST STAGE AND "IS NOT ENOUGH". IT IS TIME AMERICA "PAID AS MUCH ATTENTION TO US AS WE TO THEM". HAD TOLD SECRETARY "TO DEVOTE MORE TIME TO INDO-AMERICAN RELATIONS AND LESS TO CRISES."

C) WELOCMED POLICY OF NEW US ADMINISTRATION "NOT TO PUMP LETHAL WEAPONS INTO PAKISTAN".

D) FRIENDSHIP CANNOT BE BASED ON AID AND CALLED FOR REPLACEMENT OF AID WITH TRADE AND CHARITY WITH COOPERATION. FREINSHIP IS A TWO-WAY TRAFFIC AND MUST BE BASED ON EQUALITY AND MUTUALITY OF INTERESTS. "OUR FRIENDSHIP WITH US DOES NOT MAKE US SUBSERVIENT".

E) INDIA'S POLICY OF NON-ALIGNMENT STANDS VINDICATED TODAY MORE THAN EVER BEFORE. INDIA'S HANDLING OF 1971 WAR - WHICH FORCED ON

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-10 L-02

NSAE-00 NSC-07 PA-01 RSC-01 PRS-01 SP-02 SS-14

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R 090630Z OCT 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 4391

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IT AND RETURN OF PAK TERRITORY SHOWS INDIA HAS NO TERRITORIAL DESIGNS.

F) FOOD SHORTAGES ONLY MARGINAL LARGELY DUE FERTILIZER SHORTAGE

AND MORE ATTENTION NEEDS TO BE GIVEN TO PRODUCTION OF FERTILIZERS AND DEVELOPMENT SOURCES OF ENERGY. CONFIDENT INDIA WILL MOVE AHEAD ALTHOUGH NEXT 3 OR 4 YEARS WILL BE DIFFICULT. EVEN IF HELP NOT FORTHCOMING FROM FRIENDLY COUNTRIES, INDIA WILL MOVE AHEAD. WITH RESPECT AID, "INDIA CAN'T GO DOWN ON ITS KNEES".

G) AMERICA HAS A STAKE IN INDIA. IT IS NOT U.S. INTEREST THAT INDIA BE WEAK AND UNSTABLE. HAPPY TO REPORT GROWING REALIZATION IN U.S. OF INDIA'S "POTENTIALITY".

H) IN REGARD TO PAST U.S. AID OF SOME 10 BILLION DOLLARS, INDIA HAS MORE THAN REPAID ITS AID DEBT TO U.S. WITH ITS MEDICAL DOCTORS. ACCORDING UNCTAD REPORT, EACH DOCTOR IMMIGRATING TO U.S. REPRESENTS LOSS OF RS 900,000 TO INDIAN TAXPAYER AND A GAIN OF \$900,000 TO THE U.S. TAXPAYER.

(I QUESTIONED KAUL ON THIS LATER AND ALSO SAID WE CONSIDERING HOW TIGHTEN UP. WHILE WE HAVE TIGHTENED UP ON OTHER PROFESSIONAL CATEGORIES, KAUL SAID HE SATISFIED WE HAVE NOT SEEN FIT TO DO SO IN CASE OF DOCTORS SINCE WE NEED THEM. SAID HE HOPED WE COULD HELP ON THIS.)

I) SAID HE ONCE CONSIDERED PRO-CHINESE, THEN PRO-SOVIET AND LIMITED OFFICIAL USE

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NOW PRO-AMERICAN IN OBVIOUS REFERENCE RECENT CRITICISM HIS HANDLING CIA QUESTION WASHINGTON. (HE ASKED ME WHY BLITZ AND OTHERS ATTACKING SECRETARY, ETC, AND I SAID THAT THIS IN PART MANIFESTATION CONCERN BY PRO-SOVIET ELEMENTS OVER IMPROVEMENT INDO-AMERICAN RELATIONS.)

J) PRAISED IAS FOR MAKING A CONTRIBUTION TO IMPROVEMENT INDO-AMERICAN RELATIONS AND SORRY THERE WAS NO SIMILAR SOCIETY IN U.S. (IAS HOPES ESTABLISH SOME RELATIONSHIP SUB-COMMITTEE ON CULTURE SAME AS IACC HOPES ESTABLISH ON TRADE.)

6. COMMENT: KAUL'S PRESENTATIONS WERE EFFECTIVE AND ON THE WHOLE POSTIVE STRESSING THE SUBSTANTIAL IMPROVEMENT ACHIEVED IN INDO-AMERICAN RELATIONS AND THE OPENING OF A NEW ERA WITH THE SECRETARY'S VISIT AND THE INSTITUTIONAL INFRASTRUCTURE ENVISAGED. DESPITE BILTZ'S ALLEGATION THAT HE NOW PRO-AMERICAN, KAUL LEFT NO DOUBT AS TO INDIA'S PERCEPTIONS OF THIS RELATIONSHIP AND HOW THE U.S. FITS INTO IT. HIS CALL TO THE IACC TO DEFEND THE FOREIGN EXCHANGE ACT RATHER THAN CRITIZE THE GOI WAS IN OUR VIEW AN UNFORTUNATE COMMENT SINCE IT SUGGESTS GOI GUIDANCE. HIS IAS TALK WOULD HAVE BEEN BETTER HAD HE LEFT OUT THE PM'S MADRAS POINT THAT INDIA HAS REPAID ITS DEBT TO US IN TERMS OF MEDICAL DOCTORS. (IN DISCUSSING THIS WITH HIM, REFERENCE WAS MADE TO ISSUANCE BY HIS OFFICE OF A VISA TO THE BROTHER OF AMB KAUL'S CHAUFFEUR WHICH INVOLVED ASSURANCES HE WOULD RETURN TO INDIA ON SEPTEMBER 16 - BOMBAY'S 1094 - AS AN EXAMPLE OF HOW IT ALL DEPENDS ON WHOSE OX IS BEING GORED.) KAUL ALSO

LAI D MUCH STRESS ON ASSURANCES HE HAD RECEIVED THAT WE WOULD
NOT PROVIDE ANY LETHAL ARMS TO PAKISTAN.
BANES UNQUOTE
MOYNIHAN

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Message Attributes

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